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SUBJECT: JAPAN: FUKUDA IN NO HURRY TO CALL ELECTIONS

REF: TOKYO 781

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d)

Summary and Comment

11. (C) Prime Minister Fukuda has said repeatedly he will not call Lower House elections during 2008. A full political and diplomatic calendar, Fukuda's strong desire to preside over the July G8 Summit, the PM's low popularity, and a reluctance to risk the ruling coalition's two-thirds majority in the Lower House provide ample reason to avoid an election until as late as possible, perhaps even until the current Lower House term runs out in September 2009. Ruling coalition partner New Komeito prefers to delay elections as long as possible because a series of recent elections have emptied the party's coffers and it faces the important Tokyo Metropolitan Assembly election in July 2009.

12. (C) Power to call an election rests solely in the hands of the Prime Minister, despite Democratic Party of Japan (DPJ) head Ichiro Ozawa's declared intention of forcing a Lower House dissolution in April or May. The best outcome for the DPJ would be forcing Fukuda out of office in the hopes that his successor would dissolve the Lower House, a potential scenario as the two sides continue to wrangle in the Diet over tax issues and selection of the next Bank of Japan governor. End summary and comment.

Very Busy Diplomatic, Political Calendar

13. (C) The question of timing for the next Lower House election has been pondered in the press and among politicians and Japan watchers since Prime Minister Yasuo Fukuda succeeded Shinzo Abe in September 2007. When discussing possible election scenarios, most of our political and media contacts note that timing will be heavily influenced by a very full diplomatic calendar, which could preclude a Lower House election until at least September 2008. French Prime Minister Francois Fillon and South Korean President Lee

Myung-bak plan to visit Japan in April 2008, and a visit by Chinese President Hu Jintao will likely take place in early May. The Japan-hosted G8 Labor Ministerial and Environment Ministerial meetings take place in May, followed by the G8 Justice, Finance and Foreign ministerials in June; the G8 Summit and its related bilaterals are scheduled for July 7-8. After the G8 concludes, the Beijing Olympic Games take place from August 8 to August 24.

14. (C) In autumn 2008, the Diet must begin discussions on whether to raise the consumption tax to fund 2009,s scheduled increase in the government's contribution to the public pension fund, an unpopular subject around which to organize an election, Jiji Press Chief Correspondent Shiro Tasaki recently told us. Then comes the budget compilation process, Fukuda,s first since the current budget was drafted by the Abe administration. If no election is held before year's end, PM Fukuda might consider holding one in early 2009, although since 1976 only one Lower House election has been held before the month of June -- in February 1990. Because the regular Diet session normally runs from January to June, Fukuda might choose to call an election in July 2009, but this would interfere with the Tokyo Metropolitan Assembly election scheduled for that same month, Tasaki said.

Unpopular Fukuda Determined to Host G8

15. (C) In addition to his busy diplomatic schedule, PM Fukuda is unlikely to call a Lower House election before the G8 Summit in July 2008 because the ruling coalition neither

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wants nor believes it can win an election at the moment, continued Tasaki. Fukuda is unpopular with the electorate -- his support rate is in the low 30s according to most TV and newspaper polls -- and LDP election staff members have confided to Embassy Tokyo that they worry about holding an election under Fukuda,s leadership. That said, a recent Yomiuri Shimbun poll revealed that only 25 percent of the population want Fukuda to step down immediately and the remainder want Fukuda to step down in six months, one year, or stay as long as possibly. Fukuda himself has said repeatedly that he has no plans to call an election. Tasaki also observed that Fukuda badly wants to host the July G8 Summit because his father, former Prime Minister Takeo Fukuda, was unable to host the 1979 Summit, having been replaced by Masayoshi Ohira in December 1978.

Komeito Against an Early Election

16. (C) Staffers and Diet members from the New Komeito have repeatedly told Embassy Tokyo over the past several months that the party needs a full war chest for the Tokyo Metropolitan Assembly election because Komeito's mother organization, Soka Gakkai, a religious entity, requires approval from the Tokyo governor to keep its headquarters in Tokyo. New Komeito needs as many seats as possible in the Assembly to pressure the governor for this approval. The small party's coffers already are suffering because of the 2007 elections, which included the July Upper House vote as well as several prefectures' gubernatorial and assembly campaigns. Furthermore, to prepare for the Tokyo Metropolitan Assembly election, the Komeito's Soka Gakkai supporters from around Japan will legally transfer their domiciles from elsewhere to Tokyo, allowing them to vote in the July election. Making the legal transfer back takes three months, and it will be in the Komeito's and LDP,s interest to ensure that their supporters are able to vote in the prefectures again before calling a Lower House election. This would put the PM and his ruling coalition in the position of waiting until September 2009, which coincides with the end of the Lower House's term.

17. (C) LDP Diet member Kozo Yamamoto, in a speech on March 31, observed that PM Fukuda learned from former PM Takeo Miki that no one can force out a sitting Prime Minister. Miki preceded Fukuda's father as Prime Minister in 1974 and served for two years despite a "Down With Miki" (Miki Oroshi) movement instigated by LDP rivals. Yamamoto also noted that the LDP wants to hold onto its two-thirds majority in the Lower House for as long as possible, which it won in an unprecedented landslide orchestrated by then-Prime Minister Koizumi in September 2005 and which is the largest majority the party has held in the Lower House since 1986. Fukuda successfully used this Lower House majority advantage to pass the 2008 fiscal budget in March and the Anti-Terrorism bill in January, a measure which returned Japanese refueling ships to the Indian Ocean. He considered using it to pass the government's tax reform bill needed to fund the 2008 budget, but in the end the bill passed without it. Because the DPJ has demonstrated repeatedly its unwillingness to negotiate on legislation, preserving the two-thirds majority becomes that much more important.

Opposition Options Few; Ozawa At End-of-the-Road?

18. (C) Calling an election is at the sole discretion of the PM, leaving the opposition with few options. Ozawa repeatedly has called for or predicted an election in 2008, but in reality his best alternative lies in creating as much chaos and paralysis in the government as possible to force

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Fukuda to step down. The downside for the DPJ is that, ironically, opposition actions that make the PM look bad and lower even further his administration's popularity further disincline the LDP to hold an election. Furthermore, the DPJ also runs the risk of taking the blame for the chaos without reaping the benefit of an election. The DPJ might also attempt to woo ruling coalition politicians in the Lower House to break the ruling coalition's two-thirds majority, but this likely would be only a temporary change in order to pass or block a specific piece of legislation. The recently emerging supra-party groupings (see reftel) could also herald a change in the Diet if any of the groups decide to break away and form a permanent party.

19. (C) Ozawa's own star may also be on the wane. Recent polls asking whether he should become the next Prime Minister revealed a support rate of under 10 percent. Less than 30 percent of those polled responded that they appreciated the job he is doing. Since Ozawa's failure to create a grand coalition in November 2007 and his failure to show up to vote on the Anti-Terrorism legislation in January, certain groups within the DPJ have begun distancing themselves from him (septel). Ozawa is up for reelection as head of the DPJ in September 2008 but some DPJ politicians are encouraging other candidates, such as former DPJ head Katsuya Okada, to run against him. Ozawa is gambling on maintaining public support for the party with his tactics for forcing an election. If he fails, his candidacy to remain DPJ president is bound to be negatively affected.

SCHIEFFER